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UNCLAS TEL AVIV 002090

SIPDIS

STATE FOR NEA, NEA/IPA, NEA/PPD

WHITE HOUSE FOR PRESS OFFICE, SIT ROOM
NSC FOR NEA STAFF

SECDEF WASHDC FOR USDP/ASD-PA/ASD-ISA
HQ USAF FOR XXXX
DA WASHDC FOR SASA
JOINT STAFF WASHDC FOR PA
CDR USCENTCOM MACDILL AFB FL FOR POLAD/USIA ADVISOR
COMSOCEUR VAIHINGEN GE FOR PAO/POLAD
COMSIXTHFLT FOR 019

JERUSALEM ALSO ICD
LONDON ALSO FOR HKANONA AND POL
PARIS ALSO FOR POL
ROME FOR MFO

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E.O. 12958: N/A
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SUBJECT: ISRAEL MEDIA REACTION

SUBJECTS COVERED IN THIS REPORT:

Mideast

Key stories in the media:

The media reported that on Sunday the cabinet approved the release of 250 Palestinian prisoners as a gesture to PA Chairman [President] Mahmoud Abbas. The prisoners will all be members of Fatah, residents of the West Bank, and they will have no "blood on their

hands." Their release is not expected to go into effect before next week. The cabinet also decided to set up a ministerial committee, headed by PM Olmert that will determine the identities of the prisoners that will be released. Vice Premier Haim Ramon was appointed to head a task force that will coordinate the preparation of the final list. The cabinet decision was opposed by seven ministers: Shaul Mofaz (Kadima), the four Shas ministers, and the two ministers of Yisrael Beiteinu. Ha'aretz quoted Olmert as saying that he is convinced that Israel's gesture "may ... create the atmosphere that will ease the release" of Israeli soldiers detained by Hamas and Hizbullah. Maariv cited Sergio di Gregorio, the Chairman of the Italian Senate's Defense Committee, as saying in an affidavit that outgoing Italian intelligence chief Niccolo Pollari has information about the abducted soldiers. Israel Radio quoted an Egyptian source as saying in the London-based Al-Hayat that Olmert's representative Ofer Dekel handed Egypt a list of Hamas activists to be swapped for IDF soldier Gilad Shalit but that Hamas rejected it. Israel Radio also quoted Egypt's intelligence head Omar Suleiman as telling a delegation from the Meretz party to Cairo that efforts to release Shalit are continuing. The radio reported that the Egyptian delegation will not return to Gaza for the moment.

The media reported that on Sunday FM Tzipi Livni met with Palestinian PM Salam Fayyad, who is also functioning as PA foreign minister, to discuss "improving the lives of the Palestinian people, without compromising Israel's security," as well as the ways in which the Arab world could play a role in the political process. Livni was quoted as saying after the meeting that she was impressed with the Palestinian government's and Fayyad's personal "resolve to change the reality." She was quoted as saying that she was impressed that he is serious and ready to take action. Last week, Fayyad met with Defense Minister Barak. Ha'aretz reported that early next week, while US Secretary of State Condoleezza Rice is visiting the Middle East, a meeting has been scheduled between Chairman Abbas and PM Ehud Olmert. Ha'aretz quoted political sources in Jerusalem as saying on Sunday that talks are being held in preparation for a possible visit to Israel by Egyptian Foreign Minister Ahmed Ali Abu al-Gheit and Jordanian Foreign Minister Abdelelah al-Khatib. The two will be visiting Israel as representatives of the Arab League and will formally present the Arab peace initiative.

Ha'aretz reported that in Amman on Sunday Jordan's King Abdullah II conferred with Mohammad al-Saqr, the Speaker of the Arab Parliament -- a representative forum for Arab League member states based in Damascus -- and voiced support for a move by Arab lawmakers to bring about reconciliation between Hamas and Fatah.

On Sunday Maariv presented "accumulating signs" that Syria is preparing for war with Israel, but also introduced counter-arguments.

On Sunday Yediot reported on revelations supposedly made by Iranian General Ali Reza Askari, who disappeared in Istanbul last February and apparently defected to the West. This included exposing a second Iranian uranium enrichment track based on relatively old technology by using laser beams by adding various chemicals to make the technology more advanced.

On Sunday Ha'aretz reported that an Arab-Israeli attorney was appointed as a prosecutor to the International Criminal Tribunal for the Former Yugoslavia (ICTY), which is based in The Hague. Marwan Dalal, an attorney with Adalah, the Legal Center for Arab Minority Rights in Israel, will begin his work at the international court later this month. Dalal will be the first Arab Israeli to serve in such an important international legal forum, in which only a few Israelis have ever served.

Ha'aretz cited the belief of officials in PM Ehud Olmert's Bureau that if Defense Minister and Labor Chairman Ehud Barak continues to try to differentiate himself from Olmert and promote himself as a candidate for premier, Olmert will have to "call him to order." The officials were quoted as saying that Labor will have to support across-the-board 600-million shekel (around USD 141.6 million) budget cut that was approved on Sunday by the cabinet. Finance Minister Roni Bar-On originally proposed a 1.3 billion shekel (around USD 307 million) budget cut.

The Jerusalem Post cited the belief of refugees from Sudan that it

is only a matter of days before the government begins deporting them to Egypt, where President Hosni Mubarak has promised they will be safe. The newspaper reported that Amnesty International and UN representatives have advised PM Olmert against sending the asylum-seekers back to Egypt, where local Arab and Nubian armed groups have attacked the mostly Christian refugees. All media covered the tribulations of the African refugees in Israel.

The Jerusalem Post reported that Israel's Histadrut Labor Federation will cut all ties with the Transport and General Workers Union, the 800,000-member British union that last week joined the growing roster of British trade unions demanding boycotts of Israel.

Over the weekend the media reported that on Saturday Israel joined Al Gore's Live Earth international music extravaganza with a concert at Rabin Square in Tel Aviv sponsored by Channel 10-TV.

On Sunday major media reported that officials in Washington have confirmed that Secretary of State Condoleezza Rice will arrive in Israel and the PA on July 16 for her first visit to the region since Hamas seized power in the Gaza Strip.

Leading media quoted Palestinian security and hospital officials as saying that late on Sunday IDF troops ambushed and killed Mohammed Nazal, a Palestinian militant in the West Bank town of Jenin. An Islamic Jihad spokesperson was quoted as saying that Nazal was one of its leaders. Earlier Sunday, Palestinian militants fired five Qassam rockets at the western Negev causing damage to a construction site on the campus of the Sapir College near Sderot. Islamic Jihad claimed responsibility for the rocket fire. On Saturday, three Qassam rockets landed in the western Negev, causing no injuries or damage.

On Sunday The Jerusalem Post reported that Israel and the PA are working together with the UN to increase the flow of goods into Gaza by making improvements at the Kerem Shalom crossing into the southern Strip.

On Sunday The Jerusalem Post quoted US Democratic presidential candidate, Sen. Barack Obama, as saying in a comment to a blog on the newspaper's Web site: "The absence of US leadership has helped open the door to extremism in the West Bank. Sen. Hillary Rodham Clinton was quoted as saying on the same venue that there are not many good options in Gaza, but the PA should be helped. In his response to the Web site, Republican Senator Sam Brownback said that UNRWA is the wrong agency to manage the crisis in Gaza.

On Sunday The Jerusalem Post reported that Hamas claimed on Thursday that it had played an integral part in the release of BBC journalist Alan Johnston and that it blamed Israel for the reporter's 114-day ordeal and the international community for Gaza's plight.

Maariv reported that FM Livni hinted in an interview with The New York Times that she aspires to become prime minister.

On Sunday Maariv reported that Israel officials have been trying to come up with ways of encouraging tens of thousands of Iranian Jews to move to Israel, despite their lack of desire to do so. To this end, a group of Jews of Iranian extraction has created a special fund to promote emigration from Iran, and will give each Jewish family that immigrates to Israel approximately USD 60,000 in addition to the absorption basket provided by the state.

Yediot and other media reported that the Attorney General and the State Attorney intend to ask the police to investigate PM Olmert in two weeks about irregularities in the sale of his home on Cremieux Street in Jerusalem.

Leading electronic media quoted Likud Knesset Member and former FM Silvan Shalom as saying this morning today that he is withdrawing from his bid to compete against Binyamin Netanyahu for Likud Party leadership. Shalom claimed that the Likud primaries are neither fair nor egalitarian.

Ha'aretz reported that Dutch FM Maxime Verhagen recently warned Riwal, a construction company from the Rotterdam area, to terminate its involvement in work on the separation fence in the West Bank.

Yediot quoted experts as saying that Israel has for years drawn water that would normally flow into Syria.

Yediot cited The New York Times as saying that two years ago then Defense Secretary Donald Rumsfeld called off an operation to capture Osama bin Laden's deputy, Ayman al-Zawahiri, in Pakistan.

Maariv reported that several European countries have recently informed Israel that they will support Israel's bid for UN Security Council membership. Maariv cited the conviction of political sources in Israel that there are increasing chances of Israel becoming a member of the council in 2019.

Ha'aretz cited an announcement by executives of the Israel Broadcasting Authority (IBA) as saying on Sunday that the IBA will fire 850 employees, 40 percent of the IBA's entire workforce.

The Jerusalem Post reported that last week Alon USA Energy Inc. completed its acquisition of Skinny's Inc.'s 102 convenience stores, in a deal valued at about USD 70 million. The newspaper quoted the Israeli companies Tao Tsuot and Financial Levers Ltd/ as saying on Sunday that they led a group that agreed to buy Manhattan's "Lipstick" building for USD 648.5 million. The Jerusalem Post also reported that Dorot, an Israeli producer of packaged garlic and herbs, announced on Sunday that it has expended its overseas business activities by opening a new subsidiary in the US, which will import and market Dorot products there. Dorot products are currently sold at 1,500 retail and wholesale locations throughout the US.

Mideast:

Summary:

Senior op-ed writer Akiva Eldar commented in the independent, left-leaning Ha'aretz: "On paper [Foreign Minister Tzipi] Livni is Israel's most concerned citizen. But when it comes to results, Livni is a paper tigress."

Ha'aretz editorialized: "To grant validity to its demand that the Palestinian side honor agreements with it, even at the cost of exacerbating the conflict with opponents, Israel must demonstrate that 'painful concessions' are not an empty slogan."

Nationalist columnist Elyakim Haetzni wrote in the mass-circulation, pluralist Yediot Aharonot: "[In Israel] the conquest of the Gaza Strip by Hamas was rejoined with a spin that cast this diplomatic setback as if we had won the lottery."

Veteran writer Yoram Kaniuk wrote in the editorial of the mass-circulation, pluralist Yediot Aharonot: "I feel and respect the harsh justice of [exiled Palestinian poet Mahmoud] Darwish."

Ahmed Yousef, the political adviser to deposed Palestinian premier Ismail Haniyeh, wrote in Ha'aretz: "When there are forces that reflect the majority's will, their victory can lead to national reconciliation and prosperity, as demonstrated in the decades following the French Revolution and US Civil War."

Block Quotes:

II. "Paper Tigress"

Senior op-ed writer Akiva Eldar commented in the independent, left-leaning Ha'aretz (7/9): "On paper [Foreign Minister Tzipi] Livni is Israel's most concerned citizen. But when it comes to results, Livni is a paper tigress.... When Livni refers to Israel's

interests, she means the formation of an independent Palestinian state. She regards the two-state solution as the only means to preserve Israel's Jewish and democratic character. The Foreign Minister believes that we must not shelve the option of a historic compromise and turn to other solutions (or despair) before the dialogue with the moderate Palestinian camp is exhausted.... As a politician enjoying encouraging approval ratings who harbors aspirations to become prime minister, Livni realizes that when her country's vital interests are at stake, her leadership will be examined for political courage, not scholarly essays."

II. "Talks Stalled, Settlements Expanding"

Ha'aretz editorialized (7/8): "At the summit meeting in Sharm el-Sheikh two weeks ago, Prime Minister Ehud Olmert announced he 'has no intention of delaying talks on the establishment of a Palestinian state'.... At worst, the government is being negligent in thwarting the land theft in the West Bank, out of a failure to grasp the ramifications of this scandal for the chance to implement a two-state solution. At the absolute worst, the government is exercising a deliberate policy, the purpose of which is to reduce the living space of the Palestinian population in Area C (which is under full Israeli control), transfer the land reserves to Israeli citizens and foil the establishment of an independent and sustainable Palestinian state.... To grant validity to its demand that the Palestinian side honor agreements with it, even at the cost of exacerbating the conflict with opponents, Israel must demonstrate that 'painful concessions' are not an empty slogan."

III. " Hamas the 'Good' "

Nationalist columnist Elyakim Haetzni wrote in the mass-circulation, pluralist Yediot Aharonot (7/9): "The Olmert government has no policy. Instead, it has spin. The conquest of the Gaza Strip by Hamas was rejoined with a spin that cast this diplomatic setback as if we had won the lottery.... But the Arabs did not buy that spin. Fatah refused to agree to partition 'Palestine,' has continued to insist that Hamas prisoners be released and has continued to pay the salaries of civil servants in Hamastan with funds that were released by Israel. Saudi Arabia has refused to join the front against Hamas, and Egypt speaks with a forked tongue.... Condoleezza Rice is on her way over here to toe the line drawn by the 'moderate' Arab Quartet, which has called for renewed Palestinian unity. That way, all of those 'allies' of Israel, which tried to separate the Palestinians into good and bad guys, will leave Israel with its pants down. The spin has spun out of control... The new spin will include compliments for Hamas: for it, and not the disorganized Fatah, which cannot 'deliver.' Hamas's word is good as gold, and instead of corruption and anarchy there will be order. Once again, we'll have ourselves a partner, if not for 'peace' then at least for ten years. What's wrong with that? By the same token there were fools who were awed by the highways and the precision of the train schedule under Mussolini and Hitler, by the 'order' under the fascists and Nazis."

IV. "Who Is More Unfortunate"

Veteran writer Yoram Kaniuk wrote in the editorial of the mass-circulation, pluralist Yediot Aharonot (7/9): "In one of Jean-Luc Godard's latest films ['Notre Musique'], an interview is given by Palestinian poet Mahmoud Darwish, who will be coming to his homeland for the first time in years. Darwish speaks in depth and wisely. He says in the interview (I am not quoting him, only presenting the spirit of his words), that the Palestinians interest the world only because of the Jews: You are actually the PR staff of the Palestinian people, he argues, more or less. Darwish is an excellent poet, bitter, sometimes hateful, humorous and intelligent. He hints that the Palestinians are not of great concern to the world. Those who interest the world are the 'bad' Jews and their treatment of the Palestinians.... This is not a political article. The political side of the conflict has been discussed enough. If there is any chance of peace, I for one cannot see it. But when I see Darwish, with whom I once entered into a dispute from afar over some nonsense that appeared in a movie, I feel the stature of his human and humane weight. Although I do not consider myself a moral person and do not really believe that there is justice in history or in politics, I feel and respect the harsh justice of Darwish. Perhaps now, after so many years, he understands that the Jews have

not been particularly loved in the past 2000 years -- but because of them, the Palestinians are now loved more. After all, what is seen at the top of the news editions in the world is two Palestinians who were shot by Israelis."

IV. "Gaza Is Not Algeria"

Ahmed Yousef, the political adviser to deposed Palestinian premier Ismail Haniyeh, wrote in Ha'aretz (7/9): "The Abbas leadership has poorly calculated its political strategy, choosing to align itself with the Israeli regime and its Washington patrons in a bid to retain its hold on power. Yet it has compromised its legitimacy in the eyes of a large swath of the Palestinian public, and it has fallen into Israel's Machiavellian trap of sowing discord among Palestinians to avoid dealing with the real issue: ending the occupation, fairly and justly.... When there are forces that reflect the majority's will, their victory can lead to national reconciliation and prosperity, as demonstrated in the decades following the French Revolution and US Civil War. Hamas would, by any measure, be justified in defending itself given the assassinations of Hamas officials and supporters, attempts on the life of the elected prime minister, and kidnappings and bombings by some members of Chairman Mahmoud Abbas's paramilitary groups. And defend itself it shall."

JONES